

Widgets, Inc.

www.Widgets.com

EXECUTIVE SUMMARY

Page 1 of 3

COMPANY SUMMARY

“Finding a reliable widget would eliminate 90% of all the complaints we get day after day after day.”

*John D. Doe
Chairman and CEO
Big Systems Maker, Inc.
November 17, 2002*

“More than half of my systems technicians on any given day are handling problems that eventually are traced to a widget. In these days of diminishing budgets, my system support resources are stretched to the limit, and it is not getting any better...”

*Chief Information Officer
A Government Agency*

Widgets, Inc. produces the best widget available today and has improved ordering and delivery systems so that our customers can minimize system downtime and maximize business productivity. Widget’s patented technology utilizes the strength, durability and adaptability of high-tech composites to produce a full range of standard widgets as well as meet the demand for retrofitting all existing systems with a complete line of snap-in widgets designed to fit all current systems brands.

The “Information Age” is dependent upon reliable communications systems, and keeping the customer connected and on-line 24 hours a day is the critical success factor facing the communications hardware trade. With traditional widget companies spending less than 5% of revenue on finding solutions to the leading mechanical breakdown in sending and receiving voice and data, Widgets, Inc. is first to market and uniquely positioned to dominate this projected \$633 B opportunity. Widgets, Inc. has solved the mystery of why widgets fail. The Widget Master 3.0 can be installed during production of new systems while the Widget Wedge 2.0 can be retrofitted into almost every existing system in use today. Widget Minder even monitors widgets “virtually” to anticipate problems.

The speed and quality of communication are highly valued by Fortune 500 companies, medium and small businesses as well as the home user. Until now, the failure of a widget in the system could stop transactions until a qualified service technician could travel to the location and repair the widget. Widgets, Inc. not only makes a quality widget that virtually eliminates the occurrence of failure, but this widget can be installed by anyone at anytime in any location. Communications downtime and the subsequent loss of productivity has a huge impact on the bottom line for any organization, and Widgets, Inc. has a solution eliminating downtime in over 67% of incidents reported in 2002.

MANAGEMENT:

“With electronic commerce, our one and only storefront is the Web. If that goes down, we are out of business for the duration.”

*Marsha Q. Owner
Founder, BIG Sales*

John Q. Jones (co-founder), CEO, is a pioneer in composite technology and applying knowledge to improving products already in widespread usage. His research began at Big Labs and his experience at bringing the latest technology to the marketplace was enhanced by his experience at Big Telephone Company and at Systems Builders before becoming CEO of Some Company. Since the acquisition of Some Company by Sharks, Inc., Jones has served as a board member for several corporations. Jones has both an MBA and Ph.D. from The Really Good School.

Mary T. Smith (co-founder), COO/CFO formerly held the position of Chief Operations Officer at A Major Consulting Firm where she was responsible for a 400 person staff of financial analysts. A graduate of Another Good School MBA program, her submission won first place in the 1996 Business Plan Contest. Previously, Smith began as the technology manager before joining the financial operations at Systems Manufacturing Division of Conglomerate, Inc. She earned dual degrees in engineering and business from an East Coast School.

Sally Strong, VP Operations, brings analytical and management experience to the organization. As a Senior Modeling Analyst for the \$6 billion Financial Association, she successfully implemented the design and migration to a total

Widgets, Inc.

www.Widgets.com

EXECUTIVE SUMMARY

Page 2 of 3

“The use of composite materials to solve every day problems and meet critical needs, is limited only by imagination..”

Dr. Brilliant Scientist

system operated program nearly 10 months ahead of schedule. With a degree in computer science from Another University, she completed her master’s degree in mathematics at Tech University last year.

Paul Perfect, VP Technology, brings extensive experience in composite research and development. A leading scientist on the initial technology transfer projects from military to consumer uses of composite models, Perfect worked with Four Stars, Navy Systems and Airplane Makers in breakthrough cost reduction projects. Working independently, Perfect advised Huge Systems, Inc., Biggest Supplier, and Deep Pockets for six years on how to build superb stuff.

TECHNOLOGY:

Widgets, Inc. holds 11 patents on new processes and products that makes it possible to transform sophisticated technology developed for the Defense Program to common consumer items. Recent improvements in filtration and finishing materials have improved compliance of processes to stricter environmental standards (6 patents pending). There are currently three patented and trademarked products in the distribution pipeline: 1) Widget Master as a component of new systems, 2) Widget Wedge ideal for retrofitting existing systems, and 3) Widget Minder to monitor performance of networked system widgets. With manufacturing contracts in place, the business is scalable to meet the demand of this revolutionary widget.

PRODUCTS AND SERVICES:

Widget. Com offers a range of products protected by existing and applied for patents. Three product lines include New Product Widgets, Retrofitting Widget Replacements and Virtual Monitoring Widgets.

Widget Master is designed to meet standard specifications of all the leading systems manufacturers and assemblers as an integral piece of every new system. With supplier agreements in place with three of the top seven system builders in the U. S., the 2004 total of 3.78 million units will be met at the end of Quarter 3. Negotiations continue with three additional system builders.

Widget Wedge is a breakthrough product that makes it virtually interchangeable with replacement widgets for almost all other widget manufacturers. It has been designed to clip in place in any existing system and requires no additional training for technicians. It is so easy to install, that it is now available to the mass market with a two page instruction brochure in easy to read and understand language. Widget Wedge was launched six months ago and is now available on line and through more than 20 mail order catalogs. Widgets, Inc has focused the marketing efforts on the product at more than 30 trade and retailing events. The product has been featured in the leading publications such as Systems Guru, The Systems Experts, Business Systems and several trade and mass market newspapers. The 2004 annual sales projections (in units) was met within the first 5.5 months since launching this product.

Widget Minder was launched Jan 2004 and serves to monitor the performance of all widgets in systems of a network. This is made possible through a proprietary software (patent pending). Current plans include posting an interactive version of

Widgets, Inc.

www.Widgets.com

EXECUTIVE SUMMARY

Page 3 of 3

the software on the World Wide Web that may be downloaded by home or stand-alone computers. This product is expected to be on-line by year's end.

MARKETING:

Widgets, Inc. will rapidly grow its customer base by signing 4 new distribution agreements with companies assembling new systems no later than Q3 this year. Widgets, Inc. sells directly to four of the 15 largest world wide wholesale parts distributors for the consumer market and will add 3 additional distributors this year. Mass market consumers may order/purchase on-line and 1% if funding will be channeled into mass-market advertising and streamlining product fulfillment. The Widget Minder software is sold (downloaded) almost exclusively on-line.

ENTRY BARRIERS:

Widgets, Inc. has created entry barriers via its proprietary technology and life-of-the-system widget that is at least 24 to 36 months ahead of other devices. Customer satisfaction and name identification will prevent customers from trying competitor's products because of the competition's reputation of widget failure and difficulty in replacement. Widgets, Inc. has replaced the business model utilizing service centers as a profit center for system suppliers. Widget's proven technology for widgets eliminates the need for extensive, expensive and labor intensive service of systems now that it is possible to ensure less than 1% failure rate on widgets.

COMPETITION:

Widgets, Inc. is the only company using composite metallurgy for widgets that is an essential part of every system yet designed. The competitors, Ajax Widgets, Beta Widgets and Snap Widgets have utilized the pored plastic widget for many years without improving the design. Competitors expect failure of the widget every 15 to 18 months in every system, and, in fact, use the requirement for service as a profit center within their companies. Widgets, Inc. charges 18% more per widget, but has eliminated the time and cost of servicing systems for all customers.

FUNDING:

Widgets, Inc. (Delaware C-Corp) utilized \$2.5 M in SBIR technology grant money for initial research in 1995-1998. Seed funding of \$1.1 MM from Big Deals Venture of Phoenix in 1999 assisted Widgets, Inc. to move beyond testing and initiate sales. The company carries a \$500,000 line of credit with Regional Bank. Widgets, Inc. is seeking expansion capital for marketing, additional product development and ramping up a sales staff.

FINANCIAL PROJECTIONS

Widgets, Inc. financial projections are as follows:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Gross Revenue	\$0.7MM	\$5MM	\$27MM	\$57MM	\$87MM
Operating Expenses	(\$.9MM)	(\$3MM)	\$5MM	\$61MM	\$22MM
EBITA					

EXIT

The company anticipates a public offering within three to five years based on projected growth and diversification of product lines. The company is also an attractive acquisition candidate for a major systems manufacturer consolidating within the industry.